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SENATE BILL 537

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO PROPERTY TAXATION; SUSPENDING FOR ONE YEAR THE
LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY;
REQUIRING REASSESSMENT OF RESIDENTIAL PROPERTY AND THE PHASING-
IN OF THE RESULTING CHANGES IN VALUATION; AMENDING REQUIREMENTS
FOR COUNTY VALUATION SALES RATIOS; ELIMINATING THE REVALUATION
OF RESIDENTIAL PROPERTY UPON CHANGE IN OWNERSHIP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-36-21.2 NMSA 1978 (being Laws 2000,
Chapter 10, Section 2, as amended) is amended to read:

"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF
RESIDENTIAL PROPERTY.--

A. Residential property shall be valued at its
current and correct value in accordance with the provisions of
the Property Tax Code; provided that for the [~~2001~~] 2011 and
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1 subsequent tax years, the value of a property in any tax year
2 shall not exceed the higher of one hundred three percent of the
3 value in the tax year prior to the tax year in which the
4 property is being valued or one hundred six and one-tenth
5 percent of the value in the tax year two years prior to the tax
6 year in which the property is being valued. This limitation on
7 increases in value does not apply to:

8 (1) a residential property in the first tax
9 year that it is valued for property taxation purposes;

10 (2) any physical improvements made to the
11 property during the year immediately prior to the tax year or
12 omitted in a prior tax year; or

13 (3) valuation of a residential property in any
14 tax year in which

15 ~~[(a) a change of ownership of the~~
16 ~~property occurred in the year immediately prior to the tax year~~
17 ~~for which the value of the property for property taxation~~
18 ~~purposes is being determined; or~~

19 ~~(b)] the use or zoning of the property~~
20 ~~has changed in the year prior to the tax year.~~

21 ~~[B. If a change of ownership of residential~~
22 ~~property occurred in the year immediately prior to the tax year~~
23 ~~for which the value of the property for property taxation~~
24 ~~purposes is being determined, the value of the property shall~~
25 ~~be its current and correct value as determined pursuant to the~~

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1 ~~general valuation provisions of the Property Tax Code.~~

2 G.] B. To assure that the values of residential
3 property for property taxation purposes are at current and
4 correct values in all counties prior to application of the
5 limitation in Subsection A of this section:

6 (1) for the 2010 tax year, residential
7 property shall be reassessed and shall be valued at the current
8 and correct value; and

9 (2) the department shall determine for the
10 [2000] 2010 tax year the sales ratio pursuant to Section
11 7-36-18 NMSA 1978 or, if a sales ratio cannot be determined
12 pursuant to that section, conduct a sales-ratio analysis using
13 both independent appraisals by the department and sales. If
14 the sales ratio for a county for the [2000] 2010 tax year is
15 less than [eighty-five] ninety-two, as measured by the median
16 ratio of value for property taxation purposes to sales price or
17 independent appraisal by the department, the county shall [not
18 be subject to] be prohibited from applying the limitations of
19 Subsection A of this section and the department shall conduct a
20 reassessment of residential property in the county so that by
21 the [2003] 2012 tax year, the sales ratio is at least [eighty-
22 five] ninety-two. After such reassessment, the limitation on
23 increases in valuation in this section shall apply in those
24 counties in the earlier of the [2004] 2013 tax year or the
25 first tax year following the tax year that the county has a

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1 sales ratio of [~~eighty-five~~] ninety-two or higher, as measured
2 by the median ratio of value for property taxation purposes to
3 sales value or independent appraisal by the department.

4 Thereafter, the limitation on increases in valuation of
5 residential property for property taxation purposes in this
6 section shall apply to subsequent tax years in all counties.

7 C. An increase or decrease in the value of a
8 residential property as a result of the reassessment provisions
9 of Subsection B of this section shall be phased in over a
10 period of four years in amounts as nearly equal as is
11 practicable.

12 D. The provisions of this section do not apply to
13 residential property for any tax year in which the property is
14 subject to the valuation limitation in Section 7-36-21.3 NMSA
15 1978.

16 ~~[E. As used in this section, "change of ownership"~~
17 ~~means a transfer to a transferee by a transferor of all or any~~
18 ~~part of the transferor's legal or equitable ownership interest~~
19 ~~in residential property except for a transfer:~~

20 ~~(1) to a trustee for the beneficial use of the~~
21 ~~spouse of the transferor or the surviving spouse of a deceased~~
22 ~~transferor;~~

23 ~~(2) to the spouse of the transferor that takes~~
24 ~~effect upon the death of the transferor;~~

25 ~~(3) that creates, transfers or terminates,~~

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1 ~~solely between spouses, any co-owner's interest;~~

2 ~~(4) to a child of the transferor, who occupies~~
3 ~~the property as his principal residence at the time of~~
4 ~~transfer; provided that the first subsequent tax year in which~~
5 ~~that person does not qualify for the head of household~~
6 ~~exemption on that property, a change of ownership shall be~~
7 ~~deemed to have occurred;~~

8 ~~(5) that confirms or corrects a previous~~
9 ~~transfer made by a document that was recorded in the real~~
10 ~~estate records of the county in which the real property is~~
11 ~~located;~~

12 ~~(6) for the purpose of quieting the title to~~
13 ~~real property or resolving a disputed location of a real~~
14 ~~property boundary;~~

15 ~~(7) to a revocable trust by the transferor~~
16 ~~with the transferor, the transferor's spouse or a child of the~~
17 ~~transferor as beneficiary; or~~

18 ~~(8) from a revocable trust described in~~
19 ~~Paragraph (7) of this subsection back to the settlor or trustor~~
20 ~~or to the beneficiaries of the trust.]"~~

21 Section 2. APPLICABILITY.--The provisions of this act
22 apply to the 2010 and subsequent property tax years, unless
23 otherwise stated.